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ABSTRACT

The urban fiscal crisis will virtually ensure major changes in public urban education over the next two decades. While the initial changes may consist mainly of "austerity" measures, more fundamental alterations could give greater long term value to the student and the community. The key to this transformation lies in the concept of productivity. Productivity means better results per dollar spent, an operational guideline that would be an improvement over the recent past. The best hope for productive public education in New York City is for the public to press for such changes as the following. Staff Quality: (Have in each school a principal committed to high standards of staff performance; establish procedures for selection, performance review, and retraining of staff, and, if necessary, dismissal of those who are ineffective); Management and Accountability: (Give principals more authority to run their schools but only within required procedures for participation by students, staff, and parents); A New Delivery System: (Provide more educational options and alternatives to meet the varied needs and learning styles of children, making greater use of out-of school resources); Priority Budgeting: (Through open hearings provide opportunities for the public to comment on budget priorities and options). Collective Bargaining: (Prepare for collective bargaining through local discussions with principals, teachers, and parents); Back to Basics: (Insist on achievement in reading, writing, mathematics, and academic subjects by all students). (Author/JM)

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The opening of New York City's schools in September came amid widespread talk of crisis and doom for the city's public education system. There can be no doubt that the severe cutbacks mandated by the ongoing fiscal stringency are having a noticeable impact on the public schools. It is also indisputable that, in the short run at least, the impact is almost entirely negative. However, beyond the immediate situation, it is conceivable that the current acute austerity could lead to some quite salutary changes.

This viewpoint is embraced in the accompanying analysis by David Seeley, Director of the Public Education Association, and Adele Spier, Lecturer in Government at John Jay College and Ph.D. candidate in Politics and Education at Teachers College. Mr. Seeley and Mrs. Spier maintain that the focus of public education policy in New York City should be less on wringing hands over money that will not come in and more on wringing long-needed changes from the educational system—changes that can improve its quality even within the resources currently available. The authors point out that the implementation of policies to improve productivity need not constitute a threat to teachers; rather the realization of such policies should bring them greater professional satisfaction.

According to the authors, if the various proposals set forth in their analysis are acted upon, New York City's schools would not merely survive but could even point the way toward a national renaissance in public education.

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City Almanac

Productivity in New York City's Schools

Fiscal Reality and Educational Quality

In the next two decades urban education in the United States will change substantially—for the better. New York City could be in the vanguard of those initiating these changes.

Impossible? No, quite possible. Change is no longer merely desirable; it is essential and inevitable. Long declining toward educational bankruptcy, public education in the cities is now at the edge of financial bankruptcy as well. Up to now, the solution for old problems was to add money to pay for the ever-accelerating costs of increasingly underachieving systems. Now there is no extra money. The only alternative is change.

At the moment, the New York City school system does not appear likely to lead the necessary reform. The 1976-77 school year in New York City opened with what a *New York Times* headline described as a "Tense Mood of Austere 'Crisis.' " The chancellor talked of problems "potentially destructive of education in the city." He warned the staff: "Last year our problems were staggering. This year, they seem almost insurmountable." Next year, he predicted, would be worse. The teachers union talked of "two and a half decades of educational progress . . . wiped out by the cutback." The *Daily News* called the situation "grim." The *Post* said that the "woes are just beginning."

Many people are giving up hope for the future. But that is because they are living in the past. Only the most unrealistic can imagine that funds will be found to feed the money-eating machine the school system has become, and, even more pertinent, the educational results were inadequate even when the money was there. But, New York City can lead the necessary change if it begins to act on realistic appraisals of both fiscal realities and the considerable resources the city has to offer in finding solutions to the present predicament.

Productivity in Education

Much of the solution lies in "productivity"—a concept wrongly feared by educators. It need not mean more work for less pay or mechanization of what must remain a humanistic enterprise. It should mean getting more results for the money we spend, and there are practical, feasible means of effecting educational productivity in New York City without having to reinvent the wheel.

Much of what needs to be done has been pointed out before. One of the most useful analyses is *The Fleischmann Report on the Quality, Cost, and Financing of Elementary and Secondary Education in New York State*, which, like so many other reports calling for educational reform has been largely ignored.[1] The Fleischmann Commission was set up in 1969 by Governor Rockefeller because, even then, public education in the

Summary and Recommendations

The urban fiscal crisis will virtually ensure major changes in public education in the nation's cities over the next two decades. While the initial changes may consist mainly of "austerity" measures, more fundamental alterations could give greater long-term value to the student and the community.

The key to this transformation lies in the concept of productivity. Productivity means better results per dollar spent, an operational guideline that would be an improvement over the recent past when New York City produced the same, if not worse, results while spending more money.

A point of departure for exploring the past record and future directions for improving productivity in the city's public schools is the work of the Fleischmann Commission, established by Governor Rockefeller in 1969 to investigate and recommend changes in the state's education system. The commission found that, while educational quality was going down, costs were rising astronomically—a relationship that would spell disaster for public education unless major changes were undertaken.

While the need for reform of the state's financing of education is as strong, if not stronger, today than it was in 1972, when the commission issued its report, the chances of finding large sums of new money to close the gap between costs and revenues are dimmer now. The conclusion is that, unless we find ways to get better educational results for the money we spend, the quality of public education will continue to decline.

The best hope for productive public education in New York City is for the public to press for changes along the following lines:

Staff Quality: Have in each school a principal committed to high standards of staff performance and able to produce educational results. Establish procedures for selection, performance review, and retraining of staff, and, if necessary, dismissal of those who are ineffective.

Negotiate changes in salary schedules so that differentials are paid only for graduate study or inservice training that is likely to increase performance.

Make sure that new licensing systems currently being developed put primary emphasis on ability to perform. Abolish the Board of Examiners.

Management and Accountability: Give principals more authority to run their schools but only *within* required procedures for participation by students, staff, and parents.

Monitor implementation of policy establishing "consulative councils" of staff, students, and teachers at each high school. Hold principals accountable for the effectiveness of the councils with regard to important school issues.

Give community districts more fiscal and managerial autonomy while monitoring their adherence to responsible decision-making procedures. Require them and the central board to report publicly to facilitate holding them accountable for educational performance and fiscal management.

A New Delivery System: Provide more educational options and alternatives to meet the varied needs and learning styles of children, making greater use of out-of-school resources. Establish machinery to increase the use of volunteers, business firms, cultural institutions, and the like.

Establish procedures for providing reliable cost-effectiveness data on alternative programs and for monitoring their performance and management.

Increase interagency collaboration for youth services at the local level to be facilitated by the establishment of a citywide interagency committee.

Priority Budgeting: Through open hearings provide opportunities for the public to comment on budget priorities and options. Hold hearings at the district level on budget choices that must be made after district allocations have been fixed.

Give districts full allocations and responsibility for such services as lunch programs, repairs, transportation, and curriculum development, with the option of "contracting back" for them from the central board. Decentralize some budget decisions to the school and even the teacher levels, with the same "contracting back" option.

Fix budgets, including those involving state and federal funds, enough in advance so that officials at all levels must establish realistic priorities within the amounts available.

Collective Bargaining: Prepare for collective bargaining through local discussions with principals, teachers, and parents to obtain their views about existing contracts and new demands. Provide machinery to bring the results of these discussions to the bargaining table.

Base salary and benefit settlements on metropolitan area norms.

Insist that so-called productivity gains offered as justifications for salary and benefit increases do not result in reduced education for children.

Conclude bargaining before a new budget is adopted, as required by the Taylor Law, so that the budget consequences of settlements are more visible. Require full disclosure of all costs of proposed settlements before they are agreed to.

Back to Basics: Insist on achievement in reading, writing, mathematics and academic subjects by *all* students. Accept other important educational goals such as creativity and social development, only as complements to, not as substitutes for, positive results in the basic subject areas.

state was seen to be facing a "crisis" stemming from some of the same factors that have now hit New York City with such a vengeance—a "relentless rise in school costs," taxes "driving industry from the state," and questions as to whether the state's system of education was "meeting the objectives expected of it."

The main message of the report was that public education in New York State, great as its accomplishments had been in the past, was failing to meet the needs of today's youth. Furthermore, the public school system could not meet these needs without significant changes. More money would be needed, and it would have to be more equitably distributed throughout the state. But more than money would be needed. Costs were fast outstripping projected increases in revenues, and educational results were showing little, if any, improvement from the vastly increased expenditures. The commission concluded, therefore, that we must get better educational results for the money we spend.

Experience in the four short years since the report was issued bears out the commission's analysis. Over $1 billion has been added to New York City's annual appropriation for education since 1970, with virtually no sign that it has improved educational results. And now with the financial crisis, continuing to add vast sums of money, even if it were effective, is no longer feasible. The gap between the funds the city schools are likely to get and the funds needed to cover the increased costs projected from past policies and practices has now grown to *half a billion dollars* a year and is still growing. The gap cannot possibly be filled. Past policies and practices will have to be changed.

Declining Quality

Quality in education is hard to define. Yet for practical purposes there is more agreement on what constitutes quality education than at first might appear. Virtually everyone wants children to learn to read, write, and calculate, think clearly, and behave responsibly so that as adults they will be self-sufficient citizens. Some people emphasize academic achievement, others vocational preparation; some cognitive learning, others affective learning; some independent thinking, others learning of traditional knowledge; some creativity and still others authority. But most want a balancing among all of these aims. They are aware that schools cannot do the job alone, but they do expect them to do their part.

Educational quality is also difficult to measure. Achievement scores and dropout rates only indirectly measure the success of the educational program, since one cannot be certain how much of a student's achievement, or lack of it, is due to schooling. If, on the other hand, we decide to measure the level of educational *facilities and services* instead of the *results*, we are also misled, since newer buildings, smaller classes, extra counselors, more training, or more supervisors may or may not contribute to more learning.

Acknowledging that traditional and available data, such as reading scores and dropout rates, are inadequate measures of educational quality, the Fleischmann Commission, nevertheless, concluded that the quality of education in New York State and New York City is inadequate for today's needs.

In reporting on the Pupil Evaluation Program (PEP), the commission noted, "one of the most striking phenomena in the PEP score data is that over time, more and more children throughout the state are falling below the minimum competence level in both reading and mathematics." As Table 1 indicates, this was true for both New York State and New York City.

Also worrisome is the fact that New York City's power to retain students in school has declined since 1969 when the Fleischmann Commission found that only 55 percent of the New York City students enrolled in the ninth grade in 1965-66 actually graduated in 1969 as compared with 74 percent for the total state. By 1974-75 the state education department reports that New York City's holding power had declined to 49 percent

Table 1

PUPIL EVALUATION PROGRAM—PERCENTAGE OF PUPILS TESTED SCORING BELOW STATEWIDE REFERENCE POINT*

	New York State		New York City	
	1970-71	1975-76	1970-71	1975-76
3rd grade—Math	21	16	39	32
—Reading	27	19	46	38
6th grade—Math	32	33	54	53
—Reading	30	30	50	49

Source: New York State Education Department.

*Based on statewide norms, 23% of those tested are expected to fall below a standard reference point for "minimum competency" in each grade and are regarded as in need of special attention.

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while the total for the state dropped to 71 percent.

These figures show sixth-graders in the public schools of the city unable to read competently and more than half the city's high school students dropping out before graduation. The conclusion is inescapable: about half of the city's children are on a conveyor belt to serious trouble, with high risk of later unemployment, crime, drug addiction, and alienation. Tens of thousands of additional students, although not in as serious trouble, are afflicted with varying degrees of educational deficiency.

The picture projected by the traditional achievement scores is clouded further by the social chaos in many of the city's public schools. Results of a recent Gallup Poll indicate that parents are most concerned with deteriorating discipline, which makes academic learning virtually impossible and social learning often destructive. The blame for this atmosphere is usually placed on students and their families, with suspensions used as a tool to get the "troublemakers" out of the system. What is needed is not a system that pushes out students but one that is both committed and flexible enough to meet the needs of a diverse enrollment. The recent indiscriminate shifts in personnel executed by the Board of Education in response to the fiscal crisis have further eroded the stability so necessary to learning. They bespeak a production-line mentality that ignores the impact of administrative policy on students and reduces the likelihood of achieving quality education.

The data reported in the Fleischmann Report and those available since 1972 show a situation of extreme social default—perhaps even more serious to the city in the long run than its current financial default. These data show that, even with the services available before the fiscal crisis the quality of education in New York City—as in most cities—was dangerously inadequate. Now these services themselves have been drastically cut back.

Rising Cost

While the quality of education is going down, the cost is going up.[2] The Fleischmann Commission detailed the spiraling costs of education in both New York State and New York City, and more recent figures show that the trend has continued, if not accelerated, since 1972.

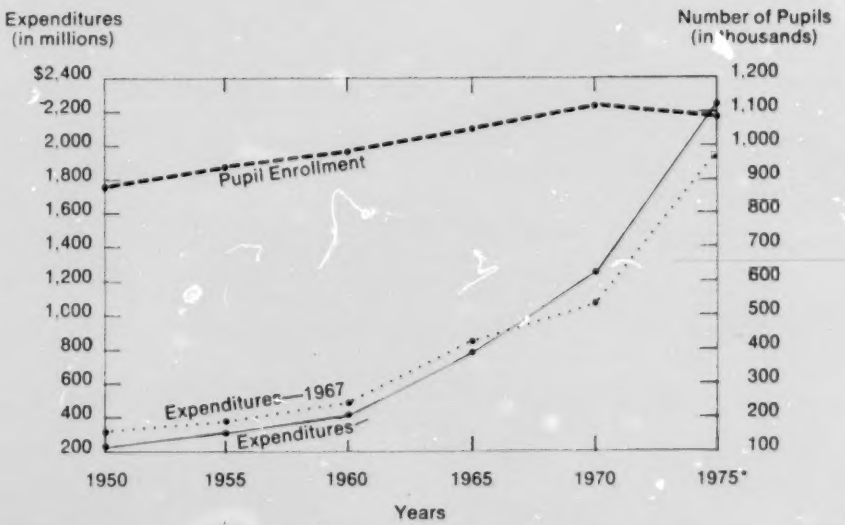
New York State: In the 1960s, total spending for elementary and secondary education in New York State rose from $1.8 billion in 1960-61 to $4.5 billion in 1969-70, an increase of 150 percent. The latest estimate from the New York State Department of Education is that, since the Fleischmann Report, expenditures have risen to $7.7 billion for 1975-76—a total increase of over 300 percent in the 15-year period since 1960-61. The major increases have come from more staff and higher costs per staff member.

The fastest growing sector of the professional staff was nonclassroom personnel. The Fleischmann Commission noted: "From 1965-66 to 1970-71 teachers again grew in numbers more rapidly than students, but the really phenomenal increase was in the category of 'other professional personnel.' " By 1971, nonclassroom positions represented 15 percent of the total professional staff in New York compared to 10 percent in the nation. Admittedly, it is difficult to evaluate the cost effectiveness of nonclassroom personnel, whether librarians, guidance counselors, or supervisors. Nevertheless, the commission singled out supervisors and questioned why it was necessary for New York State, with its small pupil-teacher ratio, to have 10 supervisors for every 100 teachers while 6 to 100 was the ratio for the country as a whole. In response to shrinking revenues, the latest estimate for 1975-76 reflects a drop in the total number of professional staff. However, this drop represents a decrease of 4.4 percent in classroom teachers and only a 1.7 percent reduction in other professional staff from the previous year.

Salaries represent the biggest item of instructional costs. In 1970-71 the average salary for classroom teachers

NEW YORK CITY BOARD OF EDUCATION EXPENDITURES AND PUPIL ENROLLMENT

1950-1975

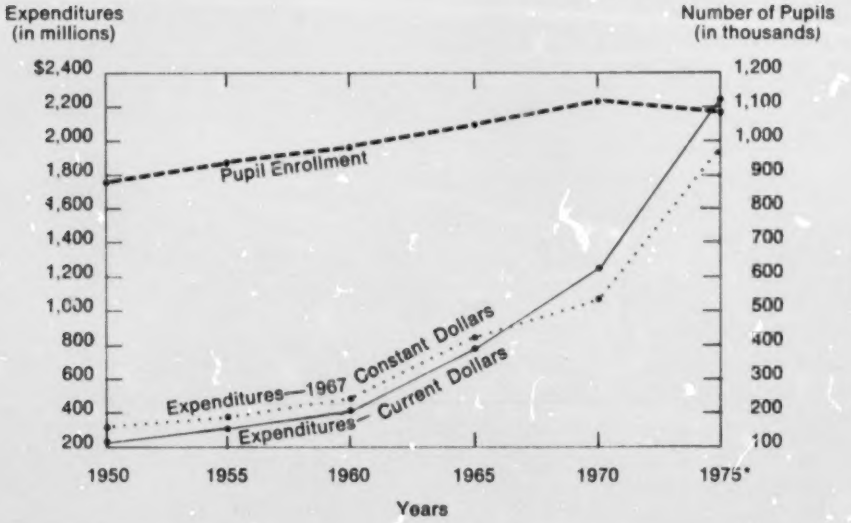


Sources: Board of Education Budget Requests, 1950-1975; *The Fleischmann Report; New York Times*, Sept. 20, 1976; Consumer Price Index.

*Expenditures for 1976 and 1977 have shown a slight drop. See Table 3, p. 6.

NEW YORK CITY BOARD OF EDUCATION EXPENDITURES AND PUPIL ENROLLMENT

1950-1975



Sources: Board of Education Budget Requests, 1950-1975; *The Fleischmann Report; New York Times*, Sept. 20, 1976; Consumer Price Index.

*Expenditures for 1976 and 1977 have shown a slight drop. See Table 3, p. 6.

Table 2

NEW YORK CITY BOARD OF EDUCATION BUDGET—SELECTED ITEMS

(millions of dollars)

Item	1971-72	1975-76	Increase 1971-72 to 1975-76	
			Amount	Percent
Debt service	$167.1	$285.5	$ 91.4	54.7
Pensions	40.3*	359.3	319.0	791.6
Fringe benefits	71.7	144.1	72.4	101.0
Pupil transportation	55.6	104.3	48.7	87.6
School lunches	44.9	113.3	68.4	152.3

Source: Deputy Chancellor Bernard Gifford's Report, February 4, 1976, Exhibit 8, p. 3.

*Reflects $86 million decrease from 1970-71 to 1971-72.

in New York State was $11,100, about $2,000 more than the national average. Between 1965-66 and 1975-76, when the New York State average is supposed to reach $15,950, average salaries will have increased 81.5 percent. The average salary in New York State for nonclassroom, professional positions in 1970-71 was $17,264, an impressive 30 percent above the national average.

New York City: The Fleischmann Commission documented even more serious cost increases in New York City. From 1960-61 to 1970-71 school expenditures rose over 200 percent while pupil enrollments increased only 16 percent (see Figure). A study of the city's expenditures during the 1960s states that much of the increases for health, welfare, and family services, as well as education, went to pay salaries that were higher than those for comparable positions in private enterprise.[3] Only one-third of the Board of Education's increased expenditures for elementary and secondary education from 1960 to 1970 could be attributed to increased enrollments and inflation.

What did the Board of Education spend its money on? From 1960-61 to 1970-71 mean salaries for elementary and junior high school teachers increased by 73 percent. As a result of growth in the number of staff, the student-teacher ratio declined from 25.3:1 to 19.3:1, and the student-total professional staff ratio went down from 22.4:1 to 17.1:1. New York City's ratios dropped even lower than the state's in 1974, to 17.7:1 for student-teacher and 15.1:1 for students-total professional staff. In addition, there was a net gain of 9,185 "backup personnel," which accounted for 19 percent of the total increase in instructional salaries.

The author of the study concludes:

> In sum, we have examined the largest component of education expenditures—instructional salaries—and found that only about 8 percent of the increase is attributable to higher enrollment. About 45 percent of the additional expenditures were devoted exclusively to higher salaries, of which about 15 percent represents salary gains beyond those achieved in the private sector. New programs including reduced class size, additional specialized personnel, and new paraprofessionals claimed about 35 percent of the additional expenditures. About 12 percent of the rise was unallocatable to any of the specific changes on the basis of our estimates.[4]

New York City's Education Budget Since 1972

The overall New York City education budget has increased $785 million or 40 percent from 1971-72 to 1975-76. Inflation was partially responsible for the increase, but other factors contributed even more. Five items in the education budget increased more than 50 percent (Table 2).

Two items that were relatively small in the 1971-72 budget—debt service and pensions—had a combined increase of more than $400 million or 198 percent. In contrast, the instructional budget, apart from pensions, increased only $76 million—or 7 percent from the 1971-72 allocation of $1,109 million to $1,185 million in 1975-76.

In comparing New York City with the four other largest cities in New York State, the Education Study Unit of the Consultants Advisory Panel to Governor Carey found that New York City's higher expenditures appeared to stem from higher per pupil expenditures in three areas—central administration, transportation, and pensions. For example, in 1970-71 New York City was spending only about $15 more annually per pupil for central administration than the next highest-spending city of Rochester, but in 1973-74 it was "spending approximately $61 per pupil more for central administration than any of the other big four cities." The Education Study Unit also found that the proportion spent for instructional services had declined from 50.3 percent in 1970-71 to 43.0 percent in 1973-74, While the total budget increased by 43.6 percent, the increase for instructional services was only 22.5 percent.

In summary, expenditures in New York City have been rapidly rising for items of questionable educational value to children. In the early 1950s, the entire school system was run on an average of $250 million a year. By 1973, annual increases of $200-$300 million were settling in as "normal." Yet even these amounts were regarded by the school administration as insufficient. The gap between budget requests and actual increases granted rose from $389 million in 1971 to $530 million in 1976. The contrast with gaps of less than $50 million in the 1950s and 1960s is striking (Table 3). The policies of the past two decades have carried us to a point where not only does each year's budget increase, but the gaps in the past five years between these budgets and the amounts the system has said it needs are larger than the entire school budget 20 years ago.

Table 3

NEW YORK CITY BOARD OF EDUCATION BUDGET

(in millions)

Year	For Direct Educational Programs*	Requested Increase for Following Year	Actual Increase for Following Year	Gap Between Request and Actual Increase
1950	$ 209	$ 10	$ 1	$ 9
1951	210	20	26	(6)
1952	239	36	14	22
1953	250	29	12	17
1954	262	62	27	35
1955	289	22	22	0
1956	311	39	44	(5)
1957	355	68	7	61
1958	362	33	23	10
1959	385	37	21	16
1960	406	41	47	(6)
1961	453	60	29	31
1962	482	86	83	3
1963	565	81	163	(82)
1964	728	109	67	42
1965	795	120	89	31
1966	876	161	72	89
1967	948	151	82	69
1968	1,030	278	156	122
1969	1,186	154	70	84
1970	1,256	380	231	149
1971	1,487	432	43	389
1972	1,530	502	134	368
1973	1,664	823	364	459
1974	2,028	614	236	378
1975	2,265	519	(12)	531
1976	2,253	435	(75)	510
1977	2,178			

Source: New York City Board of Education, Annual Budget Requests.

*Excludes reimbursable state and federal programs, services for nonpublic schools, debt service, and services, such as heat and power, managed by other agencies.

Uncertain Financing

When the Fleischmann Report was released, many people felt that the city's difficulties in financing education could be solved by reform of the state system of financing. Some hoped that the state would assume full financial responsibility for the New York City school system, as the commission recommended. Today neither major financial reform nor a large infusion of state funds appears imminent, though the problems that motivated the creation of the Fleischmann Commission remain.

The Fleischmann Report was written during an era in which very large increases in annual funding had already been achieved and more seemed possible. We are now in a different era. One can point to the state's share in previous years to argue why funding should be increased, but such arguments do not produce the large increases in funding needed. New York State's share of funding its public schools had dropped from the all-time high of 48 percent in 1968-69 to 39 percent in 1975-76. But the funds needed to make up this reduced share increased from *$2 billion to $3 billion.* The reason, of course, is that total state and local spending for public schools increased during this same period by 83 percent—from $4.2 billion to $7.7 billion—more than offsetting the $1 billion increase in state aid.

How realistic is it to expect that revenues can keep up with cost increases of the magnitude experienced in recent years? When the Fleischmann Commission in 1972 recommended a $1 billion increase just to equalize the state financing system and pay for various improvements the commission deemed necessary, it estimated that increased state revenues would be sufficient to cover these increases, if not in the first year, then at least in a year or two. However, a comparison of the state budget projections made in 1972 with the actual situation that developed in the years following publication of the report shows that by 1976-77 instead of the anticipated $400 million surplus there was a $400 million deficit. Furthermore, state aid actually increased about $591 million between 1972-73 and 1975-76 without achieving any meaningful reform in either educational practices or their financing.

Despite many years of "equalization" formulas, wide variations continue to exist among school systems across the state in the resources available for each child. Reliance on the local property tax has made education resources a function of place of residence. State courts elsewhere are beginning to see the long unresolved problem of inequitable distribution of educational resources not only as undesirable but also as unconstitutional.

In New York State, Levittown has undertaken a lawsuit in the hope that a court decision will force the state to equalize educational resources.[5] New York and several other of the state's largest cities have entered the suit as "intervenors." Their complaint is not that they are property-poor but that they have greater needs, higher costs, and more demands on school dollars from noneducational types of services. For example, New York City, with 32 percent of the state's public school pupils, has 75 percent of the state's pupils from welfare families, 38 percent of the state's handicapped pupils, 49 percent of the state's vocational pupils, and 91 percent of the state's non-English-speaking pupils. The city does not get what it needs from the state to educate these pupils.[6]

In addition to meeting the special needs of city children, it costs more in New York City than it does upstate to

provide equivalent education. The cost of land for school buildings in New York City over the past seven years has averaged $217,900 per acre, compared with $6,000 per acre in the downstate suburbs and as low as $974 per acre in some upstate counties. New York City also pays relatively higher teacher salaries, and currently more than one-half of its teaching staff is at the top level of the salary scale. These higher costs are also not reflected in the basic state aid formula.

Important as these issues are, however, it is unrealistic to assume that they will necessarily be resolved in the city's favor either in the court or in the legislature. Courts elsewhere by and large have neglected the special urban factors in their "equalizing" decisions. Even when a court does rule out an existing formula, as in New Jersey, the legislature still has to adopt a new formula and appropriate the needed funds.

The city will have a hard time persuading a court or the legislature to adopt a formula that will pay for salaries and benefits in the city that are higher even than those in wealthy suburbs. It will have a hard enough time persuading it to meet the special needs and unavoidable extra costs of urban education, or even to eliminate some of the more glaring inequities that have persisted for many years.

A further problem is that the city is still a major source of whatever taxes the state can levy to increase funding. When the Fleischmann Report was issued Board of Education officials calculated that the proposal for full state funding and equalization, far more radical than the legislature has shown any inclination of passing, would actually result in a net *loss* for the city through increased taxes collected in return for added state support of the school system.

Whichever way one turns, one is met with the harsh reality that large sums of money must come from somewhere—but the wells have run dry. Many school officials still hope that federal aid might come to the rescue. Some increases might be forthcoming, but reality dictates that city educational policy should not be based on exaggerated expectations. In recent years, New York City has been receiving lesser shares of federal funds, and, with pressures at the national and local levels for government economy and lower taxes, it will be hard to increase the total pie enough to produce increases sufficient to cover the growing local deficit. Even at its height, federal funding for the city rarely exceeded $300 million annually, and this year it is less than $200 milion.

In the past, when hopes for state or federal financing were unrealized, city and school officials turned to budget gimmicks, rollovers, and reckless borrowing to cover deficits. For a few years these schemes permitted officials and the public to avoid reality. But now we know that these practices helped lead the city to the edge of bankruptcy, with the Board of Education's deficits perhaps contributing more to the fiscal crisis than those of any other municipal agency. When the bubble burst, the board was unprepared. With no plan for reducing costs or resetting priorities, it cut essential educational services.

Now with the use of fiscal gimmicks cut off, reality *must* be faced. While continuing to press for fairer aid formulas, we cannot expect increases of the magnitude needed to cover the gaps being generated by present policies. Taxes have reached real economic limits where further increases only erode the tax base and produce less revenue. The only realistic avenue open is to learn how to provide the highest possible quality education within the bounds of the resources available.

Productivity—Results per Dollar

The facts confront us with hard choices. The Committee for Economic Development (CED) points out that elected officials across the nation "are telling their constituents that soaring costs confront government with two alternatives: either increase taxes or cut back services." The CED's answer to the dilemma is "a third option . . . increase government productivity."[7]

Education faces an additional problem: its *services* were not producing adequate educational results even before the financial crisis. Cutting services is clearly not an acceptable answer. Even preserving past levels of service is not enough. We have to find ways to *increase quality* in the face of rising costs and declining revenues. In education, therefore, even more than in other areas of government, the answer must be found in increased productivity.

In education it is especially important to think of productivity in terms of getting more *results*, and not just more *services*, for the money we spend. For a government service, like sanitation or transportation, getting more services may suffice, since the service—e.g., trash collections per week or the amount of bus service—largely defines what we want from the government agency. But in education services are merely a means to produce education results. It has yet to be demonstrated what the relationships are between more supervisors or counselors, newer buildings, increased salaries, more equipment, or even new programs, and increased educational results.

Another important reason that results, rather than services, should be the focus of productivity is that little can be done to increase the services per dollar. Education is labor-intensive, and additional services mean mostly increased staff, which in turn means increased costs, resulting in no gains in productivity. However, *results* per dollar *can* be increased. Results per dollar give us a sound, working definition of productivity.

How do we increase educational results per dollar spent? Educational research has, in recent years, put increasing emphasis on "production functions" and statistical analyses relating "inputs" to "outputs." Some of this research reinforces commonsense perceptions of the importance of the teacher and the principal in the learning process. However, neither research findings nor common sense

have yet evidenced any powerful effect on school practices. Possibly, this is because the research is still in a relatively primitive stage, measuring only the most easily measurable variables, but not necessarily the most important. More probably, however, it is because schools and school systems tend to decide policies and practices on the basis of role expectations or power relationships rather than rational determinations about how to achieve maximum results for the dollars spent.[5]

If we want to get more results per dollar, we have to focus on the decision-making process and make sure that when decisions are made, productivity is taken into account. There are two main types of decisions so far as productivity is concerned: (1) decisions about adding dollars to, or subtracting dollars from, the budget, and (2) decisions about the regular operation of the school system within an approved budget. Productivity has a somewhat different dynamic in each of these areas of decision-making. As short-hand formulas: (1) when adding or subtracting money, *spend dollars to get results*, (2) when operating within a budget, *get results for the dollars spent*.

Spending Dollars to Get Results

As we have seen from the data, no necessary relationship exists between spending more money and getting more results. New York City doubled the expenditure between 1950 and 1960, doubled it again by 1967, and then doubled it again by 1973. Since 1970 we have increased the expenditure for the public schools by *$1 billion*. But there has been little evidence of improved pupil performance.

Most of the increases in New York City and New York State have not been applied to factors that produce educational results, but rather to cover the costs of inflation, increased staff costs, increased "support" services, and often ill-planned and ill-managed "innovations." Of course, added costs due to inflation obviously cannot be expected to produce added results. Nevertheless, even taking into account justifiable increases in costs, there have been hundreds of millions of dollars added to the New York City educational budget without such justifications and with little thought as to whether the money spent would get more results. The Fleischmann Commission pointed out, for instance, that the money spent to pay salary "differentials" to teachers for their added course credits was almost totally wasted so far as increased educational results were concerned. Likewise, no serious analysis of productivity has been undertaken to justify increasing the proportions of administrators and other nonteaching staff so much more than those in other states.

The lack of attention to results is evidenced by the way the Board of Education allocates resources to meet the critical needs of poor and minority children. As the Fleischmann Commission pointed out, resources that might increase educational results—experienced teachers—are allocated to white, middle-class areas, along with extra salary funds to pay for them, leaving schools in poverty areas with a disproportionate share of inexperienced teachers and no extra dollars to compensate for their inexperience. Meanwhile, the head of the teachers union justifies large increases in teaching staffs in recent years on grounds that in the early 1960s the "student population demanded far fewer services than those sorely needed by . . . the large number of disadvantaged youngsters in the city schools today."[6] A good many of those extra teachers are used to cover additional teacher preparation periods in Title I schools, accounting for one of the largest expenditures of extra funds in needy areas—$50 million. (A total of $120 million per year is spent on preparation periods.) It is reasonable to ask how much effort was made to consider whether this expenditure of $50 million for additional teachers would actually benefit needy students.

There is a corollary to the rule of spending money where it will get more results: when you have to cut expenditures, cut those that will diminish results the least. However, there is no evidence that the board, confronted by the crisis budget of 1975-76, considered the impact on the education of children of cutting relatively more teachers than administrators or of reducing the length of the school day.

Getting Results for Dollars Spent

Increased educational productivity is linked to the day-to-day administration of schools as well as to the budget process. This fact has wrongly caused worry that efforts to increase productivity would return schools to the "sweatshop" atmosphere of the 1880s. Those who fear productivity mistakenly apply the industrial model to education and conclude that, because education is "labor-intensive" and not subject to increased productivity through mechanization, the only way to get more results per dollar is to make teachers work harder or to pay them less. The truth is otherwise. Education provides wide opportunities for increasing productivity without exploiting teachers. Indeed, increased productivity should go hand-in-hand with greater job satisfaction.

Productivity variables in education that have often been neglected in New York City schools include: (1) staff competence, (2) staff motivation, (3) client input, and (4) out-of-school resources. A brief discussion of these factors here will lay the basis for reviewing some of the Fleischmann Commission's recommendations that can increase productivity in New York City schools.

1. *Staff competence:* In few fields besides education can results vary so much depending on the competence of staff. This is, in part, because teaching, by its nature, cannot be supervised or managed as effectively as other types of employment. Once the teacher is in the classroom the results depend almost entirely on whether the teacher knows what she or he is doing.

The same rule applies, to an even greater degree, to school principals, since an entire staff's productivity de-

pends on a principal's ability to promote high teacher and student morale, proper staffing and organization, and good support from parents for their children's learning. If every school had an effective principal, this factor alone would do more than any other to increase the educational results achieved by the school system.

2. *Staff motivation:* Productivity in education is highly susceptible to variations in motivation. A teacher with a given amount of skill and training might be productive in one school and not productive in another. Motivation, in large part dependent on the skills of the principal, can make the difference. A principal committed to increasing children's learning will find ways to stimulate maximum teacher motivation.[10]

3. *Client input:* Productivity in education can also be strongly affected by client input—more so than in most other fields. This is because in education most of the actual work is done by the client, i.e., the student. The student's efforts produce the desired learning; the teacher and the school only facilitate student learning. But a teacher's skill and efforts only carry so far. If the student does not cooperate, literally work with the teacher and the school, the results will be poor, regardless of the amount of effort, skill, and money expended. Likewise, the support and encouragement of parents and community, who are also clients of the system, can affect productivity.

Gaining the cooperation of students and parents is, of course, a large part of the responsibility of a good teacher or principal, but this key factor also depends on many conditions outside the school's sole control, such as parent support, peer pressures, and school/community relations. If these conditions are favorable, much more can be accomplished with no increased effort—indeed in some cases with decreased effort—on the part of the teacher.

4. *Out-of-school resources:* Out-of-school resources are an additional avenue for increasing productivity. If all learning is facilitated solely by paid school personnel, then scarce dollars will not go far. However, school volunteers, student tutors, other youth-serving agencies, local apprenticeship and career opportunities, cultural institutions, and organizations with community service opportunities can all help to produce more educational results with little increase in school expenditure.

In sum, contrary to common belief, education is capable of great increases in results per dollar spent. The question is how to achieve this in New York City.

Achieving Productivity in New York City Schools

There are specific areas where action can be taken to increase productivity in New York City public schools. Recommendations in the Fleischmann Report can be acted upon immediately to make public education work despite the fiscal crisis. The recommendations are grouped as follows:

1. Staff Quality
2. Management and Accountability
3. A New Delivery System
4. Priority Budgeting
5. Collective Bargaining
6. Back to Basics

Staff Quality

Recognizing that nothing is more important to productivity or quality education than an effective staff, the Fleischmann Commission recommended improvements in the selection, licensing, and training of staff and emphasized *performance* as the prime criterion, rather than course credits or scores on teachers examinations. The commission recommended abolishing the New York City Board of Examiners (which itself costs $3 million a year) and revamping the state licensing system into a system of teacher internships in which licenses are awarded on the basis of demonstrated performance on the job. The commission also recommended special "lighthouse schools" for inservice training, a state teacher corps for low-income areas, and separate status and pay for a differentiated staff of interns, classroom teachers, special teachers, and master teachers.

Because of budget cuts, there is little opportunity now for applying improved teacher selection criteria or instituting the long-needed internship program and staff differentiation. There are, however, opportunities for better staff training. The commission recommended, for instance, that we stop paying teachers extra for taking miscellaneous courses chosen by them more often for their schedule convenience than for their relation to improved instruction of pupils. The pay differential funds should be used instead for inservice training that is specifically designed to help teachers improve their teaching performance.

There is a greater opportunity for applying new criteria for the selection of supervisors. Not only is a new licensing system being developed because of the *Chance-Mercado* court decision, which enjoined the old licensing examinations,[11] but the constant turnover in supervisors offers important opportunities for selecting principals, assistant principals, and program directors who can perform effectively.

One approach to staff quality, especially relevant now, is to remove those who are not effective and cannot be helped to improve through training. This is an unpleasant subject, but little is more unproductive than spending $26,000 a year for a teacher (now the median cost in New York City, counting salary and fringe costs) who cannot or will not teach effectively.

Even less productive is spending $40,000 a year for a principal who cannot run a school effectively. Even if classes are small and the building is filled with expensive equipment and supplies, quality education will not result if leadership and school management are ineffective.

The school system must be fair in its evaluation and, if necessary, separation of staff; otherwise staff morale can be destroyed. But in the end, it must be uncompromising in removing ineffective staff. If this is done fairly,

staff morale will be enhanced, not destroyed; nothing is more discouraging to conscientious teachers and supervisors than incompetent or nonfunctioning colleagues.

Management and Accountability

In the foreword to the commission's report, Chairman Manly Fleischmann noted that, in addition to its mandate to consider the quality, cost and financing of the state's schools, the commission had added two other subjects—governance and organization—which must be considered "if proposals for substantive change are to achieve their maximum benefits." As the Committee for Economic Development has pointed out, the principles for getting results are not mysterious; "the missing ingredient in many government agencies has been the will and ability of managers to apply them."[12] There must be better management and accountability if we want improved productivity.

School-level management: The Fleischmann Commission emphasized improved management and accountability on the school level. Its concepts are similar to the "school-site management" movement now gaining attention across the country. More decisions should be made by the school principal with the participation of staff, students, and parents. Principals should be chosen by "parent advisory councils" but, once chosen, should have much more authority, including more control over the selection of teachers. There should be a system of "school-by-school accountability," with an annual pupil-performance report prepared by each school, and the budget should be decentralized so that "each individual school would be treated as a single accounting unit." Large schools could be broken up into minischools.

It should be easy to see why increased school-level management would increase productivity in light of the factors mentioned earlier. The skill and knowledge exercised by teachers and principals are exercised at the school level; they work best with minimum interference from central bureaucracy. Motivation cannot be mandated from the top or created by central directives. Client input is also most productively mobilized at the school level.

In New York City some schools have moved toward more school-level management, mostly by dint of the forceful leadership of individual principals, sometimes with the support of parents, a community superintendent, or a district school board, and often despite hostility from the central bureaucracy. For example, at P.S. 84 on the upper west side of Manhattan strong teamwork among parents, staff, and principal in 1975-76 saved the school's "open classroom" arrangements from total disruption by centrally-administered staff "excessing" rules, which would have transfered specially trained, open-classroom teachers from P.S. 84 while bringing in more senior teachers without such training or orientation. This year, however, the excessing rules have just about killed the school's instructional program.

The effects of school-level management on school achievement, staff morale, and school-parent relations are usually noticeable. A 1974 study by the State Office of Education Performance Review (Klepak Report) compared two city elementary schools, one high achieving and one low achieving but both with similar student bodies (over half from families receiving welfare) and similar expenditures.[13] The school with significantly higher achievement scores, better staff morale, and better community relations was found to have an "administrative team which provided a good balance between both management and instructional skills. It had developed a plan for dealing with the reading problem and had implemented the plan throughout the school." The study concluded that the "administrative behavior, policies and practices in the schools appeared to have a significant impact on school effectiveness." The key point is that both schools operated within the same city system and under the same city-wide policies and administration. The difference was what happened *at the school level.*

In the case of the high schools in New York City, which remain under central board control, there has been some shift toward school-level management through the introduction of a "unit allocation" budget system, which gives high school principals somewhat greater flexibility in determining the number and assignment of different kinds of staff. Although some principals have resisted the increased authority and others have welcomed it, it is clear that the effectiveness of the principal in a school will differ depending on whether accountability and authority are centered at the school level or remain with a central bureaucracy.

Another potentially important shift toward school-level management in the city's high schools is the requirement for a "consultative council" of students, parents, staff, and administration at each high school. Although this policy was adopted in 1969, its implementation and success have depended almost entirely on the leadership of individual principals. Principals who feel that such councils threaten their authority have found ways to keep them ineffectual. Principals who have welcomed the support and assistance of such collaborative planning have more effective schools.

District-level accountability: While the Fleischmann Commission's main emphasis for organizational reform was on school-level management, the report also called for more clear-cut accountability and authority at the district level in New York City. There is a mindless saying in New York educational circles that "decentralization has been tried, and it didn't work." Those who know the system know that decentralization has not yet been tried. As the Fleischmann Commission found in 1972, the governance of the New York City schools under the so-called decentralization law of 1969 "remains an impenetrable thicket." While there are district boards that can do much to improve education if they are willing to fight

hard enough, the basic personnel and budget system, which are at the heart of administrative control, remain mostly centralized.

The continuation of the "impenetrable thicket" of confused authority between central and community school boards greatly impairs the productivity of the system. Considerable resources are used up in deciphering and arguing about central directives, bulletins, circulars, and mandates that flow from central headquarters. None of this effort and expense improves instruction for children. It is not dollars spent to get results.

More important, there is no incentive for productivity—no incentive for getting more results from the money spent. When District 3, for instance, tried to cut down on teacher absences and use the money saved for more productive purposes, the central board went to court to uphold its right to control substitute teacher allocations. The central board won, thus effectively killing the district's motivation to cut down on teacher absences. (The policy has since been partially changed.) Likewise, the school lunch program, although supposedly under the jurisdiction of the community boards, is still administered centrally. Although several studies have shown that a district might be able to serve better and cheaper lunches through its own operation, saving as much as $35 million citywide, there is no incentive to do so, since present budget policies would not let the district keep the savings it might gain.

We still have, in fact, a classic case of a bureaucratic system in which no one seems to be accountable for millions of dollars of visibly wasted, unproductive expenditures. The Fleischmann Commission recommended strongly that this could be cured, at least partially, by giving more clear-cut authority to the community boards and then holding them accountable for using available funds productively.

A New Delivery System

Efforts to improve staff quality, management, and accountability are important—but they are not enough. If our only problem were to maintain a level of services in the face of increasing costs and limited dollars, perhaps these efforts would suffice. But, as we have noted, the results were not satisfactory even with existing services; more fundamental adjustments will be needed in the educational system. In order to get the degree of increased productivity needed in New York City we need, in effect, a new kind of educational delivery system.

The Fleischmann Commission, although never clearly saying that we need a new educational delivery system, nevertheless made several recommendations that point to the key elements of a new system. A recent national report characterized such a new system as an "educational system" rather than a "school system."[14] Schools would still play a central role but with (1) more options and alternatives for students, (2) better use of out-of-school resources, (3) more integration with other youth services. An "educational system" of this kind is quite different from the present system—different in ways that could materially increase productivity. And yet it is a system that *can* be developed. In fact its development is already under way.

Options and Alternatives: The recommendations by the Fleischmann Commission for greater district-level decentralization and greater school-level management are important because the stimulus for greater productivity comes from demands for *results*, and these demands are strongest at the levels closest to those who have the greatest interest in results, namely, parents and students. The Fleischmann Commission, however, also recommended another way to use the natural interests of parents and students to increase productivity: greater student and parent *choice*. The commission noted that different students often need different kinds of programs and recommended a wider range of optional programs with different styles of learning, such as "open" or "traditional" instruction, and different orientations, such as career, art, drama, or community service.

In addition to its instructional merits, a new system of options and alternatives could improve educational productivity through its effect on staff motivation, client input, and ability to use outside resources. A system of options would not depend on bureaucratic supervision to provide external motivation for the school staff to perform well; staff motivation would be provided by the competitive situation in which program survival depends on pupil performance.

Greater staff motivation in alternative schools by no means depends only on negative pressures. Evaluations of these schools record high staff morale and a strong sense of mission. The staff has more control over the performance of the school and often responds positively to the challenge. They are proud of what they are doing and want to do it better.

For somewhat the same reasons the chances for client input are increased. If parents and students choose a school, they have an investment in its success. The school is often more oriented toward self-help, symbolizing to students that the teachers are there to help them learn, but that learning has to be done by the students.

Lastly, a system of options can improve productivity through its greater ability to tailor programs to the needs of individual children. Staff competence has been listed as a key factor in productivity, but teaching that may work well for some children may not work well for others. School-level management and district accountability can improve the chances for generally better staff performance, but there will still be children who will not benefit from some classrooms no matter how competent or well-motivated the teacher. If the money spent on a teacher results in high achievement for twenty children, but poor achievement for another three, productivity will be increased if the three can go into a class or program that works more productively for them.

Out-of-school resources: A new educational delivery system can enhance the use of out-of-school resources. We have suggested that this often-neglected factor can increase the results for students without increasing costs. New York City's cultural, artistic, recreational, vocational, commercial, and other resources are extraordinary, yet many of our children go through school untouched by them. Harmful influences have no difficulty in getting into our schools, but many influences and experiences that can help children have been closed out of their lives because we have narrowly confined education to "schools"—schools with walls.

Programs in New York City and across the country are breaking through these walls and showing the potential of using outside resources. Various "schools without walls" are only the most obvious examples. In New York City, the School Volunteer Program enlists the services of thousands of individual tutors who not only help students with academic achievement but also provide important human interactions that help develop self-confidence, better human relations, and interest in learning. The Open Doors Program has opened up cooperative relationships between public schools and many of the city's business firms, providing opportunities for career exposure, understanding the economic world, use of corporation talent, and association with adults other than teachers and parents. The Lincoln Center education program and many others, such as the City Arts Workshop, The Teachers and Writers Collaborative, and The Museums Collaborative, show the potential of the city's cultural world.

Integrated Youth Services: One utilization of outside resources that deserves special mention is cooperation with other youth-serving agencies, both public and private. There is so much duplication and overlapping, and yet so many cracks for youngsters to slip between, that the idea of integrating various programs has been recommended by many observers, but with little effect, mostly because it would require change by a number of autonomous agencies. The bureaucracies in mental health, recreation, criminal justice, foster care, and social services are as resistant to change as is public education. They tend to reward internal loyalty rather than cooperation with other agencies. This is especially true when the cooperation leads to increased productivity, which might mean an agency having to *give up* an area of activity rather than simply *adding* "coordinators" or "liaison officers."

If resistance to integrated services can be overcome, more good results for children per dollar spent could be achieved by all the agencies involved. Even nonyouth agencies can develop a mutually productive relationship, such as that between the School Volunteer Program and senior citizen agencies, which helps the former with recruitment and the latter with placement. Both agencies accomplish their purposes better and at a lower total cost.

Several important experiments in the integration of youth services are under way, including the Mott Foundation's community school program in Flint, Michigan; the integrated youth services project of the Lilly Endowment in Indianapolis; and, here in the city, the coordinated services project of United Neighborhood Houses in the South Bronx and various court diversion projects. All show the potential of breaking down the walls of the various vertical bureaucracies that have grown up to serve youth. All of them also show the difficulty of doing so within the present school system structure.

Implementing a new educational delivery system: A new educational delivery system, with more options, greater use of outside resources, and more integration of youth services, may look like a distant dream. But developments are already under way to bring it about. Increasing numbers of commissions and high-level panels are recommending such a shift.[15]

Furthermore, as we have pointed out, pilot projects are developing at an increasing pace. The severe problems of the existing school and youth services systems is hastening the move to more effective systems, and, even though the city's fiscal crisis has disrupted the funding of some of the most promising experiements, the obvious need for increased productivity in all these services increases the pressure for such programs. While originally much of the pressure came from outside the school system, increasingly in recent years creative people within the school system have found ways to break out of old molds to create exciting new programs, such as City as School, which makes use of the city's nonschool resources, or Auxiliary High School Services, which provides intensive reading and math learning situations outside of the regular high schools. The moves for options, outside resources, and integrated services will reinforce one another, because they are all part of the same growing concept of an *educational system,* rather than just a *school system.* Alternative programs will make use of outside resources easier; outside resources will reinforce alternative programs. Both will increase the inevitable pressure to find ways to integrate youth services.

The recent reports that have advocated new educational delivery systems have been weak on guidelines for implementation. They do not explain how such systems would take care of funding, accountability, teacher licensing, collective bargaining, and many other areas of school administration that would have to be adjusted to make such a system work. The pilot projects that are under way in New York today show the potential of options, but they say little about how to effect and operate a *system* of options best suited to the needs of all children. The Public Education Association has established a task force to consider some of the problems that have been neglected by existing reports. It will be a few years before any full-scale shift could be made to the new kind of system. However, given the number of productivity factors that could be enhanced in a new kind of system, experimentation in

this direction should be expanded, supported, and evaluated on an intensive basis.

Priority Budgeting

Much in the Fleischmann Report speaks to the basic principle of productivity: spend money where it will get the most results. Among the Fleischmann recommendations are reducing nonteaching expenses, increasing the ratio of paraprofessionals to teachers, and cutting back on salary increments for course credits that do not improve teaching. The principle is simple, but it runs counter to the budget practices and policies of most school systems, including New York City's. The city education budget process is a classic case of "incremental budgeting," in which each year's expenditures are carried forward to the next year with amounts added to pay for increased costs and new programs.

As long as there was money to pay for the increased costs there was little pressure to change this system, no matter how wasteful some of the continuing expenditures might have been. When money was no longer available in the city to pay even for the increased cost of old programs, let alone new programs, this approach ran into trouble. By the early 1970s, programs and services were beginning to be cut because, even though the total budget was increasing by $200-$300 million annually, the costs were increasing even faster, and there was not enough revenue to cover them. Parent and civic groups began to grumble that "we are paying more and getting less."

The matter came to a head in the 1975-76 school year when the mayor's "crisis" budget provided no additional funds over the previous year. Since the cost of old programs went up over $200 million and there was no added revenue to pay for the increase, the system was thrown into confusion. No priorities had been set on how to spend the limited money available. The Board of Education decided to cut classroom services. Some think this was a deliberate strategy to stimulate support for more funds; others think it was the normal bureaucratic behavior of cutting those expenses most remote from the central decision-makers. Whatever the motivation, the results were disastrous for the quality of education.

As a result of this experience, the city's educational community became much more aware of priorities. When the chancellor requested an increase of $435 million for its next budget in 1976-77, following the same "incremental" approach as had always been used, the city's leading civic and parent groups formed a coalition called the Educational Priorities Panel to press the board to shift its priorities and use available funds for the most productive purposes.

Despite resistance from many at the central board who felt their jobs were threatened, the panel's first effort produced a shift of $5 million from central administration to the classroom. Similarly, the panel suggested savings in pupil transportation and school leases. Finally, the panel tackled the ticklish issue of the teachers contract and urged that funds set aside for increases in teacher salaries and benefits—already at a level above the averages for other systems in the metropolitan area—be used instead to preserve current jobs and services.

When fighting for productivity, one must expect conflict between those who have a stake in productivity—the "clients" and "taxpayers"—and forces having other primary interests. The work of the panel has met with expected resistance. Nonetheless, the Board of Education has now agreed that a priority approach in budgeting is needed. With the help of the Economic Development Council, the board arranged a weekend "retreat" to study priorities, and Deputy Chancellor Bernard Gifford has advocated a system of "zero-based budgeting," which attempts to escape from the "incremental" approach by requiring each unit or bureau to justify *all* of its expenditures.

The idea of priority budgeting is basically sound, but care must be taken not to let it become another bureaucratic boondoggle. Zero-based budgeting in a large organization can produce so much paperwork and so many meetings that the process itself becomes unproductive and the accountability that it is supposed to promote gets lost in the bureaucratic labyrinth. The principle is simple, and it should be kept that way; spend the money where it will do the most good. If the information needed to decide the most productive use of funds becomes too complex for simple resolution it is probably a sign that the aim should be simplified or the responsibility for decision-making delegated to a level where people can see the choices more clearly.

One way to increase productivity in so-called support services, such as curriculum development, school lunches, and transportation, might be to discontinue the automatic budget allocations to the central bureaucracy for providing these services. Instead, the funds would be allocated to the community districts and individual high schools, allowing them to purchase the services directly either from the central board or from outside contractors, such as universities, food caterers, and consulting firms. Such a competitive system could introduce an element of accountability almost totally lacking under the current arrangement in which central officials decide for themselves how support services should be provided, how much should be spent on them, and how, if at all, they should be evaluated.

The same technique could be used in allocating funds and accountability from district to individual schools and even from schools to individual teachers (e.g., for the purchase of classroom supplies, which some teachers claim they can get quicker and cheaper from the corner candy store than from the central Bureau of Supplies).

Collective Bargaining

The Fleischmann Report had relatively little to say about reforming

collective bargaining. Its three major points were made in the context of its recommendation for full state funding: (1) state-level bargaining, (2) regional salary scales, and (3) balancing teacher benefits against "productivity gains."

The commission did not deal with some of the major problems of public-sector collective bargaining, such as its lack of the kind of economic discipline that brings productivity concerns into private-sector bargaining, and the political nature of the bargaining process. When public officials are politically accountable to the union with which they are supposed to be bargaining, the entire process is a charade, using the terminology and dramatic trappings of collective bargaining but not involving any real "bargaining" between adversaries.

The experience of the past year in New York City has brought these problems to the fore. The budget crisis and the need to reorder priorities should have brought about a different approach to the contract negotiations in the summer of 1975. The mayor had announced a wage freeze, and many people assumed that available funds would be used to save essential school services rather than for salary increases. As the summer progressed, however, it appeared that, as in the past, funds had already been set aside for teacher salary increases as a result of private discussions between the union and the city administration before the wage freeze was announced. The union apparently expected this political arrangement to be lived up to. The Board of Education reports that it was instructed by the city administration to bargain on the basis of "past policies and practices," including the payment of the "automatic" salary increases that had been in the previous contract as well as new increases resulting from the negotiations.

The saga of the current UFT contract is long and tortuous. One highlight on the issue of productivity is that the teachers were given their "automatic raises," which averaged over $1,000 for about half the teaching staff, and thousands of lower seniority teachers were laid off. The Board of Education also awarded $750 and $1,500 "longevity increases," which were blocked only because the Emergency Financial Control Board intervened and refused to approve the proposed contract. Only when the EFCB finally made it clear late in August 1976 that productivity had to be achieved *without reduction in services* did something approaching management and productivity begin to come into the picture.

Perhaps more significant than the questionable contract decisions was the lack of accountability of the officials making them. The issues were kept secret. The board and the union cooperated to give the news media and the public the impression that salary increases were not an issue. The public did not learn that substantial increases were involved until the EFCB refused to accept the proposed contract in October 1975, on the grounds that it would add more than $100 million to the annual education budget. Then the discussions went underground again for many months of political maneuvering. By the summer of 1976, the issue rose again, when city officials had to decide whether to allocate $48 million in the new budget to salary increases or to save jobs and educational programs. It was a decision of great importance not only for the welfare of the city's school children but also for the city's fiscal future. Yet the public had no opportunity to let elected officials know its views, because it was not aware that the issue existed until the Educational Priorities Panel held a press conference on August 24, 1976, and the EFCB raised the issue with the Board of Education on August 26.

Public-sector bargaining is in an arena in which public policy decisions are made about how to allocate public funds, and the public has as much need to demand accountability in these decisions as it has in the rest of the budget process. Reform of collective bargaining to achieve greater accountability is essential for achieving increased productivity because so many decisions affecting productivity are made at the bargaining table, and neither the union nor the bureaucracy can be expected to have productivity as a prime interest. Indeed, on the basis of experience they can be expected to be "in bed together" on many issues affecting the public interest. Since parents and the general public have a real interest in productivity, only when there is more opportunity for the client voice to be heard and heeded will productivity have a strong advocate in the bargaining process.

There are now the beginnings across the country of a movement for greater "public access" to public-sector collective bargaining. The specific reforms needed to provide such access have not yet been well formulated. Some people advocate public hearings on union demands or on proposed settlements. Others advocate formal ratification of proposed contracts by a city council or perhaps parent or community school district councils. Some call for parent representation at the bargaining table itself. Some say the whole idea is impossible, since effective collective bargaining must be secret and between two parties only. But the experience of community school board participation in New York City, although still in its infancy, has shown that it can work within limits. The need for a stronger consumer voice, prepared to present the case for productivity, is urgently needed.

Back to Basics

Productivity is meaningless without defining the results desired. The Fleischmann Commission characterized the goals of education in conventional terms: skill in oral and written communication, critical thinking, basic mathematical skills, powers of reason, knowledge of history, science, geography, art, music, and literature.

If such academic goals were antithetical to valuable social and psychological goals, we might have to choose between putting resources into teaching reading or into teaching self-confidence or creativity. But there is no evidence that these goals con-

flict. It is difficult to help children develop self-confidence or creativity if they are not making reasonable progress in their intellectual training. There are ways of teaching academic subjects that stifle creativity and self-confidence, but such approaches are not likely to be effective even for achieving strictly academic goals.

The Fleischmann Commission's emphasis on the basics is healthy and can help both the schools and the public keep their focus on solid results when they press for greater productivity. There are problems, of course, with the instruments for measuring academic achievement, but the *goal* of better academic achievement is quite compatible with other important educational goals. Indeed, academic achievement is a practical, albeit rough, measure of general school performance. A school that is doing a good job of academic training is also likely to be effective with other important school goals. Without a focus on academic achievement, there is too much danger that greater productivity will be defined simply as increased services, staff, expenditures, or activities without showing how these factors are related to greater learning.

The Public's Responsibility for Increasing Productivity

Productivity in education has not been given a high priority by those who make the decisions in the New York City school system. Nonetheless, despite the formidable obstacles to increased productivity, there are opportunities for overcoming them. Paradoxically, the fiscal crisis itself offers one such opportunity. It has brought home to the public that increased productivity is not just something for business and taxpayer groups to grumble about; it is a necessity for the survival of the city.

Education is a particularly favorable area in which to apply this new approach. "Citizens are probably more sensitive about education than any other service they 'buy' from the public sector with their tax dollars. They feel that if basic functions such as education are not properly performed, the whole rationale for men to live in organized taxpaying units is called into question."[16]

The bureaucracy, although usually not result-oriented, has a new sense of urgency. Individually, many officials have been stimulated by the plight of the city to seek ways of improving services. Institutionally, many agencies have sought ways to preserve jobs and protect their own survival by adjusting to the new demands for productivity. The unions, which in many ways can block productivity efforts most effectively, are not inherently opposed to them. Their opposition comes when productivity decisions conflict with other interests they may value more, such as increased salaries or the protection of past contract gains. Where interests intersect, unions need not oppose productivity and can even help to foster it. In education, many of the steps that might increase results, such as better management, student cooperation, or parent support, are as much in the interests of teachers as the consumer. Furthermore, members of municipal unions are also consumers, and at least those who live in the city are beginning to see that city labor policies that may help them as employees may hurt them as consumers.

The Emergency Financial Control Board, for the time being, offers a special opportunity for increasing productivity. Confronted with an absolute budget ceiling, the city's choice of either cutting services or cutting costs becomes much clearer. It becomes harder to play the old bureaucratic game of cutting high-priority services, while maintaining unproductive expenditures, in the hope of stimulating support for increased funds.

The Control Board's ruling that increased salaries and benefits must be paid for by productivity savings, *without reducing services*, provides an important new dynamic, if honestly applied. While unions may bargain for salary increases *and* practices that have the effect of decreasing productivity, the EFCB's productivity requirement forces unions to choose which they value more. In order to gain salary increases a union may agree to the elimination of the unproductive practice or expenditure.

In the end, however, we must not come to depend upon a powerful, outside "supergovernment" like the EFCB. Such a body cannot be expected to intervene on a broad enough scale or over a long enough period of time to complete the hard task of getting productivity in government. As the CED points out, "productivity is not a technique or specific innovation, but rather a concept or way of doing business that stresses higher overall performance at minimum cost." It can be obtained only by continuing "political pressure for productivity on top elected officials."[17]

A community gets the quality of education for which it is willing to work and fight. "The responsibility for lack of interest in productivity lies in large measure with the public."[18] New Yorkers should start demanding the commitment to more educational results for the dollars they spend of every candidate for public office, from community school board member to governor. We have to learn what productivity is and what is needed to bring it about. We must insist that relevant information be made available to the public, so we will know when important decisions affecting productivity are being made and who can be held accountable for making them. And we must be prepared to show our displeasure at the ballot box with those officials who do not make productivity a high priority. "In the end, government responds to what voters and citizens demand of it."[19] If New Yorkers *demand* quality in their public schools, the city once again could lead the nation in urban education.

David S. Seeley, *Director*
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FOOTNOTES

1. New York: The Viking Press, 1973.
2. "The budget of New York City's Board of Education (BOE) has gone up 168 percent in ten years while total student enrollment is about where it was ten years ago. Yet the quality and effectiveness of the public schools declined sharply. All too often, young people are 'graduated' from high school (twelfth grade) although they have achieved only the eighth grade level in reading and math skills. Clearly more money is not the answer to the problems of the schools." Economic Development Council of New York City, Inc., *New York: Priorities on the Road to Recovery*, 10th Annual Report, 1975, p. 19.
3. Charles Brecher, *Where Have All the Dollars Gone? Public Expenditures for Human Resource Development in New York City, 1961-1971* (New York: Praeger Publishers, 1974). For a summary analysis by Dr. Brecher, see *City Almanac*, 9, 2 (August 1974).
4. Ibid, p. 47.
5. See Donald Haider and Sidney Smith, "New York State Finances: End of an Era," *City Almanac*, 10, 6 (April 1976), pp. 6-9.
6. Public Education Association, *School Finance in New York State—1974 With Special Reference to the Cities and the Metropolitan Suburbs*.
7. Committee for Economic Development, *Improving Productivity in State and Local Government*, 1976, p. 11.
8. Roger Harrison, "Understanding Your Organization's Character," *Harvard Business Review* (May-June 1972), pp. 119-28.
9. *New York Times*, Letter to the Editor, September 1, 1976.
10. In a sample of 14 schools with large black and Puerto Rican enrollments, the principals were interviewed to see if their attitudes about the roles of administrative and teaching staff correlated in any way with improvements in reading. A "school quality index" was derived and seems to explain the variation of 74 percent in reading score improvement in the sample. Significant improvements in reading skills were associated with a principal's belief in (1) the competence of the school's professional staff in the fourth and fifth grades, (2) extensive use of and respect for teacher aides in the classroom, (3) meaningful parent and community involvement in the school, and (4) the practice or support of innovative administrative or teaching techniques. Relative backsliding in achievement was associated with opposite attitudes. Economics Department, First National City Bank, *Profile of a City* (New York: McGraw-Hill Book Co., 1972), pp. 75-76.
11. "The evidence reveals that the examinations prepared and administered by the Board of Examiners for the licensing of supervisory personnel . . . have the *de facto* effect of discriminating . . . against Black and Puerto Rican applicants." Chance and Mercado v. Board of Examiners and Board of Education of the City of New York. Preliminary injunction filed September 20, 1971.
12. Op. cit., p. 18.
13. State of New York, Office of Education Performance Review, *School Factors Influencing Achievement: A Case Study of Two Inner City Schools*, March 1974.
14. National Panel on High Schools and Adolescent Education, The John Henry Martin Report (Washington, D.C.: U.S. Department of Health, Education and Welfare, forthcoming).
15. See, for example, National Commission on Resources for Youth, *New Roles for Youth in the School and the Community* (New York: Citation Press, 1974); National Commission on the Reform of Secondary Education, *The Reform of Secondary Education* (New York: McGraw-Hill Book Co., 1973); Panel on Youth of the President's Science Advisory Committee, *Youth: Transition to Adulthood* (Washington, D.C.: Office of Science and Technology, Executive Office of the President, 1973); Children's Defense Fund, *Children Out of School in America* (Washington, D.C.: Washington Research Project, Inc., 1974); National Panel on High Schools and Adolescent Education, op. cit.
16. *Profile of a City*, p. 62.
17. Op. cit., p. 14, p. 20.
18. Ibid., p. 19.
19. Ibid., p. 21.

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